

Message Text

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PAGE 01 SANTIA 05392 201419Z
ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 TRSE-00 CTME-00 /023 W
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R 201338Z JUL 78
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC 9891

UNCLAS SANTIAGO 5392

E.O. 11652: N/A
TAGS: ETRD, EIND, US, CI
SUBJ: STEEL TRIGGER PRICE MECHANISM: DATA FOR EXPEDITED ANTIDUMPING
INVESTIGATIONS

REFS: (A) STATE 068324, (B) STATE 157105, C(C) SANTIAGO A-22

1. UPON RECEIPT OF REF A ECOM OFFICER DISCUSSED TRIGGER PRICE MECHANISM WITH STATE-OWNED STEEL COMPANY (CAP) OFFICIALS, EXPLAINING THAT QUESTIONNAIRE WOULD FOLLOW SHORTLY. WITH REF B ECOM OFFICER INFORMALLY APPROACHED CAP REQUESTING PRODUCTION AND PRICE INFORMATION. CAP HAS NO PROBLEM IN ROUTINELY SUPPLYING PRODUCTION QUANTIFY AND PRICE INFORMATION AND HAS PREVIOUSLY DONE SO FOR IRON AND STEEL CERP REPORTS (REF C). BUT CAP HAS BALKED AT IDEA OF FURNISHING COST OF PRODUCTION INFORMATION. CAP OFFICIALS EXPLAINED THAT PLANT IS PRESENTLY OPERATING ON ONLY ONE OF ITS TWO CONOX FURNACES AND THEREFORE CURRENT PRODUCTION IS ALMOST ENTIRELY FOR LOCAL CONSUMPTION. CAP HAS NEVER EXPORTED STEEL IN ANY MEASURABLE QUANTITIES TO THE U.S. AND DOES NOT PLAN TO DO SO IN FUTURE. THE SMALL VOLUME OF EXPORTS ARE TO NEIGHBORING LATIN AMERICAN COUNTRIES.

2. CAP OFFICIALS FURTHER STATE THAT IF LOCAL DEMAND WERE TO INCREASE SUFFICIENTLY TO NECESSITATE BRINGING SECOND CONOX FURNACE ON LINE, THEN CAP WOULD HAVE SURPLUS PRODUCTION LOOKING FOR A MARKET. ONLY IN THIS CASE WOULD THERE BE A POSSIBILITY OF CAP EXPORTING STEEL TO THE U.S. AND ONLY THEN WOULD CAP
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ADDRESS ITSELF TO TRIGGER PRICE MECHANISM.

3. WE WILL ATTEMPT TO GATHER FROM ALTERNATIVE SOURCES, PRODUCTION COST FIGURES BUT ARE NOT OPTIMISTIC AS THIS INFORMATION IS NOT AVAILABLE IN PUBLIC DOMAIN. MOREOVER, AS CAP REPRESENTS 90 PERCENT OF CHILE'S STEEL PRODUCTION AND IS VERTICALLY INTEGRATED, THE COST OF EACH FACTOR OF PRODUCTION WILL BE DIFFICULT TO ESTABLISH

WITH ANY CERTAINTY.

4. THE CUSTOMS SERVICE ANTIDUMPING QUESTIONNAIRE ARRIVED MID JULY. WE STILL HAVE NOT RECEIVED THE SPECIAL "FOREIGN INDUSTRY QUESTIONNAIRE" REFERRED TO IN REF B. WE WILL FORWARD WITH PRICE FIGURES AS SOON AS PRODUCTION FIGURES FOR PERIOD ENDING JUNE 30 ARE AVAILABLE. PRODUCTION COST FIGURES IF OBTAINABLE WILL FOLLOW.

5. WE HAVE NO RECORD OF RECEIVING STATE A-17. PLEASE POUCH A COPY SOONEST.
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Message Attributes

Automatic Decaptioning: X
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